

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6345

BILL NUMBER: HB 1105

NOTE PREPARED: Dec 12, 2008

BILL AMENDED:

SUBJECT: PERF Vesting for Local Elected Officials.

FIRST AUTHOR: Rep. Tincher

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill reduces from ten years to eight years the period required for an elected official of a county, city, town, or township to vest in the Public Employees' Retirement Fund (PERF). (Current law allows a county clerk, auditor, recorder, treasurer, sheriff, or coroner to vest in eight years.)

Effective Date: July 1, 2009.

Explanation of State Expenditures: The estimated impact is shown in the table below.

	State	Political Subdivisions	Total
Increase in Unfunded Accrued Liability	\$850,000	\$2.65 M	\$3.5 M
Increase in Annual Cost	\$1.0 M	\$2.18 M	\$3.18 M
Increase in Annual Cost (as % of Pay)	0.066%	0.080%	0.074%

The funds affected are the state General Fund (55%), or \$550,000, and various dedicated funds (45%), or \$450,000. The percentage split represents the split in the state budget for personal services.

There would be no change in funded status from the current 98.2%.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures* above.

Explanation of Local Revenues:

State Agencies Affected: All

Local Agencies Affected: Those local units with members in the PERF.

Information Sources: Doug Todd of McCready & Keene, Inc., actuaries for PERF, 317-576-1508.

Fiscal Analyst: James Sperlik, 317-232-9866.

DEFINITIONS

Funded Status - The ratio of the assets of a pension plan to its liabilities.

Unfunded Actuarial Liability -The actuarial liability, sometimes called the unfunded liability, of a retirement system at any time is the excess of its actuarial liability at that time over the value of its cash and investments.